

PERFORMANCE & COMPENSATION COMMITTEE OPEN SESSION

MINUTES OF MEETING

August 18-19, 2008

The Performance and Compensation Committee met on Monday-Tuesday, August 18-19, 2008, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 5:40p.m., August 18, and the following members were present:

Priya Mathur, Chair
Tony Oliveira
Greg Beatty representing David Gilb
Louis F. Moret
Anne Sheehan
Kurato Shimada
Charles Valdes

Chair Mathur announced that the meeting would recess and reconvene on Tuesday, August 19, upon adjournment of the Policy Subcommittee of the Investment Committee.

The meeting was recessed at 5:41 p.m.

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The meeting was reconvened at 11:37 a.m., August 19, and the following members were present:

Priya Mathur, Chair
Tony Oliveira
Debbie Endsley representing David Gilb
Louis F. Moret
Anne Sheehan
Kurato Shimada
Charles Valdes

Other Board Members present:

Rosalind Brewer Rob Feckner Henry Jones

AGENDA ITEM 2 – APPROVAL OF THE JUNE 17, 2008 PERFORMANCE AND COMPENSATION COMMITTEE MEETING MINUTES

The minutes were approved as presented.

AGENDA ITEM 3 – 2008-2009 PERFORMANCE PLANS FOR THE INTERIM CHIEF EXECUTIVE OFFICER, CHIEF ACTUARY, GENERAL COUNSEL, INTERIM CHIEF INVESTMENT OFFICER AND HER DIRECT REPORTING STAFF (SECOND READING)

Chris O'Brien, Chief of Human Resources, presented, as an action item, for second reading, 2008-2009 performance plans for the Interim Chief Executive Officer, Chief Actuary, General Counsel, Interim Chief Investment Officer and her direct reporting staff for second reading. Upon recommendation by the Committee, language related to diversity will be added to the Leadership performance measure of the Interim Chief Investment Officer and Senior Investment Officers. Approval of the General Counsel's performance plan was deferred to the September Performance and Compensation Committee meeting for further discussion.

On **MOTION** by Mr. Moret, **SECONDED** and **CARRIED** the Committee approved the second reading of the 2008-2009 Performance Plans for the Interim Chief Executive Officer, Chief Actuary, Interim Chief Investment Officer and her direct reporting staff.

AGENDA ITEM 4 – 2008-2009 PERFORMANCE PLANS FOR THE SENIOR PORTFOLIO MANAGERS AND PORTFOLIO MANAGERS (SECOND READING)

Ms. O'Brien presented, as an action item, for second reading, the 2008-2009 Performance Plans for the Senior Portfolio Managers and Portfolio Managers. Upon recommendation by the Committee, language related to diversity will be added to the Leadership performance measure.

On **MOTION** by Ms. Sheehan, **SECONDED** and **CARRIED** the Committee approved the second reading of the 2008-2009 Performance Plans for the Senior Portfolio Managers and Portfolio Managers.

AGENDA ITEM 5 – 2008-2009 PERFORMANCE PLANS FOR RECENTLY APPOINTED PORTFOLIO MANAGERS (FIRST READING)

Ms. O'Brien presented, as an action item, doe first reading, the 2008-2009 performance plans and duty statements for two recently appointed Portfolio Managers, Alternative Investments.

On **MOTION** by Mr. Moret, **SECONDED** and **CARRIED** the Committee approved as final, the 2008-2009 performance plans for the recently appointed Portfolio Managers.

AGENDA ITEM 6 - PROPOSED 2009 COMMITTEE MEETING CALENDAR

Ms. O'Brien presented the proposed 2009 Performance and Compensation Committee Meeting calendar.

On **MOTION** by Mr. Moret, **SECONDED** and **CARRIED** the Committee approved the proposed 2009 Committee Meeting Calendar.

AGENDA ITEM 7 – HUMAN RESOURCES DIVISION REPORT

There was no report.

AGENDA ITEM 8 – PROPOSED SEPTEMBER 2008 AGENDA

The draft agenda for the September 2008 Committee meeting was reviewed and accepted as amended.

AGENDA ITEM 9 - PUBLIC COMMENT

There was no public comment.

The next Performance and Compensation Committee meeting is scheduled for September 15, 2008, in Sacramento, California.

Date:	
	KENNETH W. MARZION
	Interim Chief Executive Officer